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Malaysia

Oilseeds and Products

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Approved by:

Joani Dong
U.S. Embassy, Kuala Lumpur

Prepared by:

Raymond Hoh

Report Highlights:

Malaysia's crude palm oil (CPO) production rose 8.4 percent to 1.3 MMT in July 2004. Carry-over levels at the end of July also rose to 1.3 MMT. Palm oil exports improved to 1.1 MMT in July. The average local CPO price rose from US\$388/MT in July to US\$392/MT in August.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Kuala Lumpur [MY1]
[MY]

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Executive Summary

Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production rose by 8.4 percent to 1.3 MMT in July 2004. Output in the Peninsula increased by 5.8 percent while East Malaysia's production rose 12.7 percent. Compared to July 2003, output during June 2004 was one percent lower. Weaker yields reflect that the trees are experiencing some stress due to the sharp increase in production in the previous year. Post still expects CPO production of 40 MMT during the July-September quarter to be within reach.

Price

Local PO prices rose in response to higher overseas demand during the month of August. The monthly average CPO price rose from US\$388/MT in July to US\$392/MT in August 2004. For comparison, the average CPO price for August 2003 was US\$367/MT. The Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also rose from US\$409/MT in July to US\$411/MT in August.

Stocks

Despite big increases in PO exports, the huge carry-in stocks and the increase in CPO output resulted in the PO stock level rising to 1.3 MMT at the end of July, the highest level since November 2002. Overseas demand is expected to improve in the July – September quarter, and Post expects the carry-over stocks to decrease to 1.1 MMT by the end of September.

Trade

Preliminary official PO exports rose from 890 TMT in June to 1.1 MMT in July.

Annual Situation

PS&D table for palm oil remains unchanged since the submission of MY4037.

	Revised 2002/03	Prelim 2003/04	Forecast 2004/05
(1,000 tons)			
Beg Stock	1,149	975	1,100
Production	13,181	13,300	13,800
Imports	341	690	500
Total Supply	14,671	14,965	15,400
Exports	12,077	12,300	12,500
Domestic Use	1,619	1,565	1,900
Ending Stock	975	1,100	1,000

Quarterly Outlook for Palm oil

	2003 1/	2004 1/	2003 1/	2004 2/
	Apr-Jun	Apr-Jun	Jul-Sep	Jul-Sep
	(1,000 tons)			
Beg Stocks 3/	1,011	953	955	1,211
Prod- Pen. Mal	2,151	1,988	2,327	2,400
- East Mal	1,331	1,290	1,552	1,560
- Total	3,482	3,278	3,879	3,960
Imports	71	198	67	100
Total Supply	4,564	4,429	4,941	5,271
Exports 4/	3,068	2,785	3,596	3,700
Dom Disap 5/	501	433	370	471
End Stocks	995	1,211	975	1,100

1/ Revised;

2/ Forecast;

3/ Stocks include crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ Residual

Production

	2003	2003	2004	2004	2004
	Jul	Jan-Jul	Jun 1/	July	Jan-July
(In 1,000 MT)					
CPO:					
Pen. Malaysia	793	3,741	721	764	4,345
East Malaysia	490	2,354	449	506	2,883
- Total /1	1,283	6,095	1,170	1,270	7,228
Palm Kernel: Malaysia	342	1,679	298	328	1,912
Palm Kernel Oil: Malaysia	159	814	132	148	871
Palm Kernel Meal: Malaysia	183	1,063	152	171	1,000

1/ Revised

Prices

(Crude delivered basis; RBD Oils in Bulk, FOB Malaysia)

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Aug	1,393	393	420	317
Sep	1,439	400	427	320
Oct	1,663	455	472	408
Nov	1,855	501	526	457
Dec	1,829	501	513	458
Jan 2004	1,790	481	493	464
Feb	1,917	513	529	468
Mar	2,046	544	557	484
Apr	1,979	540	552	496
May	1,835	503	520	477
June 1/	1,546	432	440	410
July 1/	1,473	409	425	385
Aug 2004 (till 25)	1,490	411	429	373

1/ Revised

Exchange Rate: Pegged at RM3.799 to US\$1.00 since 1998

Stock

	2003	2004	2004	2004
	July	May	Jun 1/	July
(In 1,000 MT)				
Crude P. Oil	495	504	579	668
Processed PO	522	541	632	623
- Total PO	1,017	1,045	1,211	1,291
Palm Kernel	111	91	96	102
P. Kernel Oil	268	154	144	143

1/ Revised